

Budget Deliberations – October 18, 2019

## **TRANSPORTATION NETWORK COMPANIES**

### **Proposed Tax, Fee Reduction and Spending Resolution**

Staff: Amy Gore, Analyst

As part of budget deliberations, Council will be considering a suite of proposals related to Transportation Network Companies (TNCs), including a reduction in TNC fees, a new tax, a spending plan, an ordinance related to minimum compensation for drivers, and an ordinance establishing driver deactivation rights.

This memo discusses three of the five pieces of proposed legislation related to revenue and spending: the TNC Fee Reduction (Attachment 1), the TNC Tax (Attachment 2) and the Spending Resolution (Attachment 3). This discussion includes background on the industry, as well as Council policy related to TNCs; an overview of the proposed legislation; and issue identification and policy options for Council's consideration.

#### **Background**

TNCs entered the Seattle market in 2011, providing services that allow passengers to directly dispatch drivers via the internet using mobile interfaces such as smartphone applications. In early 2013, City Council concluded that TNCs were operating “for-hire businesses” as defined in RCW 46.72.001 and thus were subject to the City’s regulatory authority. Council has since passed several pieces of legislation further regulating the industry, as follows:

- [\*\*Ordinance 124524\*\*](#) (July 2014)<sup>1</sup> - Established a new subsection under Title 6 of the Seattle Municipal Code covering TNCs. The Ordinance created requirements for TNCs, including that TNC drivers and vehicles be permitted to operate in the city and that TNC drivers have insurance equivalent to that of taxi and flat-rate drivers when TNC drivers are active on the TNC’s application. However, the State Legislature has since enacted law ([\*\*SB 5550\*\*](#), July 2015) that establishes statewide TNC insurance requirements and preempts municipalities from establishing separate TNC insurance requirements.
- [\*\*Ordinance 124968\*\*](#) (December 2015) - Established a collective bargaining framework between taxi, flat-rate, and TNC drivers and the companies with which they contract. The framework provides that qualified drivers can vote for a bargaining representative, and if the representative secures enough votes from qualified drivers, that bargaining representative would represent all drivers of that company. The authority to define qualified drivers was delegated to the Director of the Department of Finance and Administrative Services (FAS). The Director has since defined “Qualifying Driver” to generally mean a driver who “is a for-hire

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<sup>1</sup> Council initially passed [\*\*Ordinance 124441\*\*](#), which included a limit on the number of TNC vehicles that could operate in the city. Opponents to the bill collected enough signatures to get a referendum on the ballot; and Council subsequently repealed and replaced the bill with Ordinance 124524 which did not include the TNC limitation but maintained other regulations.

driver licensed under the SMC who meets..." a number of conditions as outlined in [Director's Rule FHDR-1](#). This ordinance has not gone into effect due to unresolved legal challenges from Rasier, LLC (Uber) and the US Chamber of Commerce.

- [\*\*Resolution 31808\*\*](#) (December 2018) – Established a work program for City Council related to the for-hire industry, including a request for voluntary data sharing from TNCs; consideration of minimum charges across the for-hire industry; and items to improve parity between TNC, Taxi, and Flat Rate companies and drivers.

## **Current Regulations**

The City of Seattle regulates the for-hire industry in partnership with King County. The City inspects and licenses vehicles while the County issues driver licenses and TNC licenses. Currently, there are seven licensed TNCs in King County: CiRide, HopSkipDrive, Lyft, Uber, Via, Wingz, and Zum. (CiRide and Zum are not operating.)

FAS collects the following two fees from TNCs, totaling \$0.24 per ride:

- **Licensing Fee** – The licensing fee is \$0.14 per ride. It was initially set at \$0.10 by [SMC 6.310.150](#), but it was subsequently raised to \$0.14 per ride on July 1, 2016 by [Director's Rule CPU-10-2016](#). The fee is used by FAS to cover the costs associated with administration, enforcement, and regulatory costs related to licensing TNCs.
- **Wheelchair Accessible Services (WAS) Surcharge** – The WAS surcharge is \$0.10 per ride and is set by [SMC 6.310.175](#) with additional regulations found in [Director's Rule CPU-11-2016](#). The fund is used to reimburse Wheelchair Accessible Taxi (WAT) drivers for the additional costs associated with purchasing and operating an accessible vehicle.

## **Proposed Legislation**

### **1. FAS Licensing Fee Reduction Ordinance**

This legislation would reduce the FAS Licensing Fee from \$0.14 to \$0.08 per ride. This proposed reduction is based on a determination by the FAS director that the cost to administer and enforce the TNC regulations has decreased on a per ride basis due to the rapid increase in number of TNC rides. Authority to adjust the fee based on costs for administration and enforcement remains with the FAS Director. The fee reduction would go into effect on July 1, 2020.

### **2. TNC Tax Ordinances**

As proposed, this legislation would create a \$0.57 tax for each TNC ride (consisting of a \$0.51 tax and a \$0.06 so-called supplemental tax). The tax would apply to those TNC trips originating anywhere within the City of Seattle operated by TNC companies that had provided at least 1 million rides in the preceding quarter. If adopted, this tax would go into effect on July 1, 2020; with revenues anticipated to begin in October 2020. The legislation would also amend several sections of [SMC 5.55](#) to add the proposed TNC tax to existing general administrative provisions of the SMC, such as records preservation, rulemaking, and applicable violations and penalties, so that these provisions would also apply to the TNC tax. The proposed ordinance also includes a very brief

statement of intent related to the use of tax proceeds, which includes administrative costs, investments in affordable housing near transit, transportation and transit investments, as well as the Center City Connector Streetcar, and a driver conflict resolution center.

#### Combined Taxes and Fees

Together, the two ordinances discussed above would increase the total cost of taxes and fees per ride from \$0.24 per ride to \$0.75 (a \$0.51 increase) per ride effective July 1, 2020.

*Table 1. Proposed TNC Tax and Fee Rates*

Taxes & Fees	Current	July 1, 2020 - Dec. 31, 2020	After Dec. 31, 2020
FAS Licensing Fee	\$0.14	\$0.08	\$0.08
WAS Surcharge	\$0.10	\$0.10	\$0.10
Base Tax	\$0.00	\$0.51	\$0.51
Supplemental Tax*	\$0.00	\$0.06	\$0.06
<b>Total</b>	<b>\$0.24</b>	<b>\$0.75</b>	<b>\$0.75</b>
*Proposed Supplemental Tax Calculation		<i>"amount equal to \$0.14 minus the total fees per ride imposed under subsection 6.310.150.B"</i>	<i>"the Director shall set the supplemental rate under this subsection 5.39.030.B.2 at \$0.06"</i>

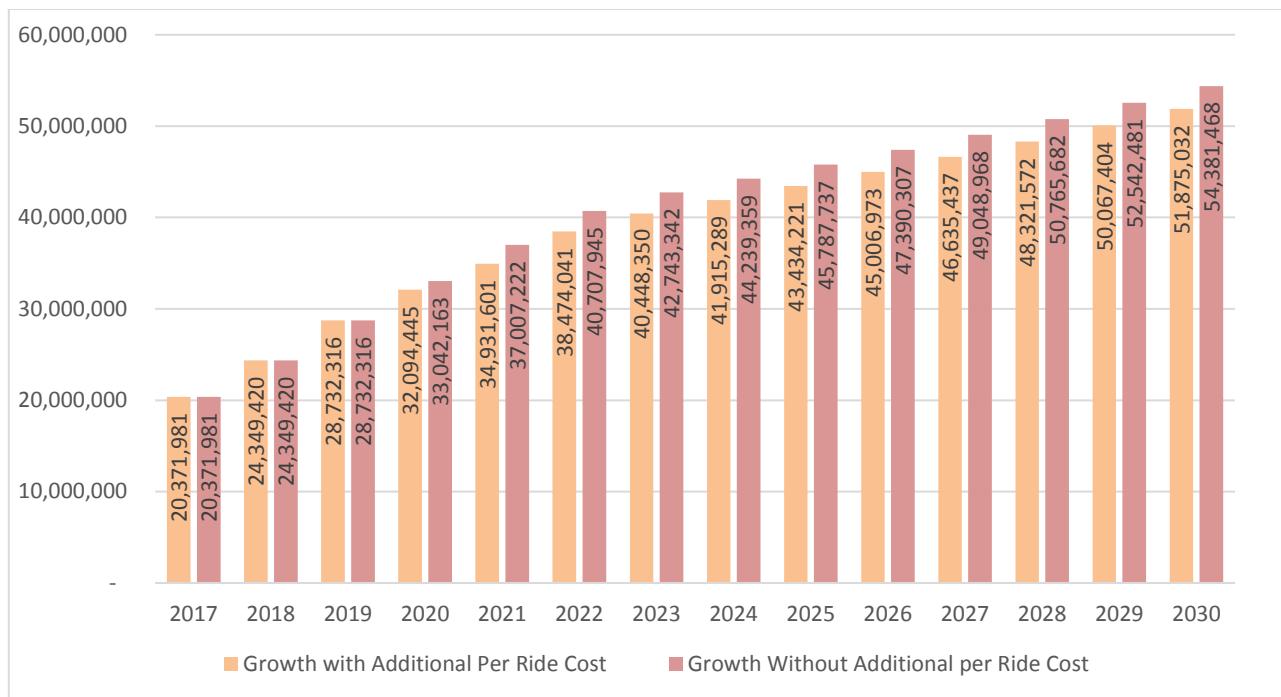
#### Estimated TNC Rides and Impact of Per Ride Cost Increase

As shown in Chart 1, CBO reports that the number of TNC rides in Seattle in 2018 was 24.3 million. Based on recent growth rates, they estimate that the number of TNC rides in 2020 will be 33.0 million, growing an average of 6.5% per year to 54.4 million rides in 2030. With a tax of a \$0.57 per ride and assuming TNCs increase the cost of an average ride<sup>2</sup> by approximately \$4.00 to pay drivers a minimum wage, CBO estimates that the number of rides will be 32.1 million in 2020 and grow to 51.9 million rides in 2030.

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<sup>2</sup> According to Uber and Lyft, paying drivers minimum compensation would increase the cost of a \$12.00 to \$14.00 ride by \$4.00.

*Chart 1: Estimated TNC Rides\**

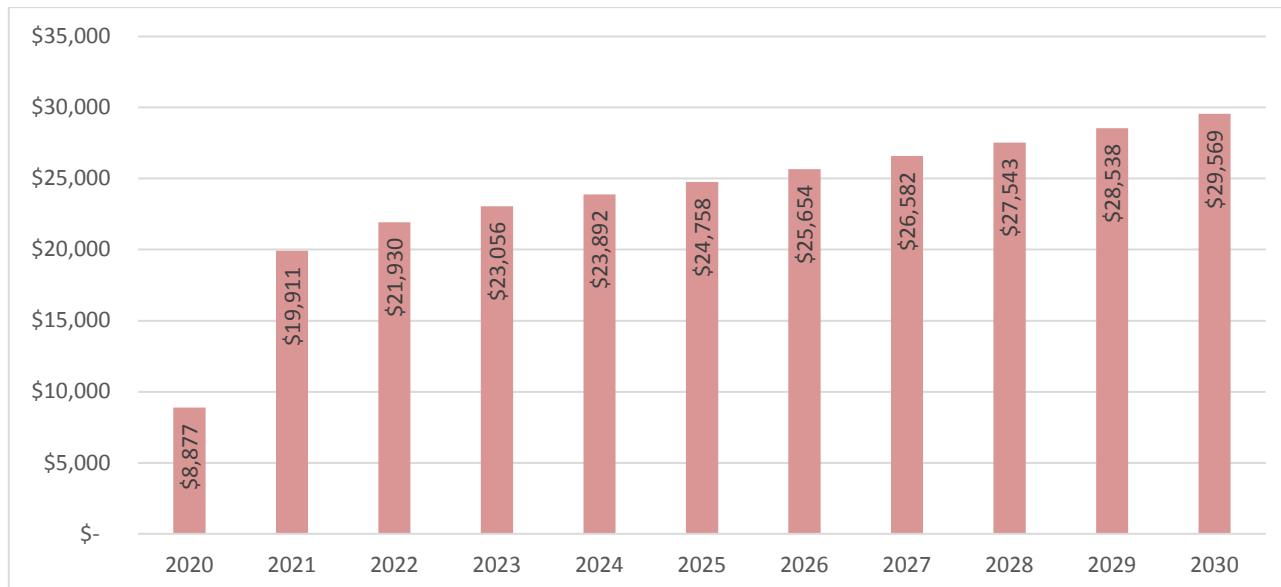


\*Note: Ride estimates are based on CBO assumptions about the cost of a ride, including a \$0.57 cent tax and an additional \$4 per ride for minimum compensation, to be implemented in July of 2020 through additional legislation. If the cost of rides increases beyond the proposal, new estimates will need to be calculated.

### Estimated Revenue

Based on the estimated number of rides, a tax rate of \$0.57, and a July 1, 2020 effective date, the proposed tax would generate \$8.9 million in 2020 and \$19.9 million in the first full year (2021), increasing to \$29.6 million in 2030 as shown in Chart 2.

*Chart 2: Estimated Tax Revenue (\$ in 1,000)*



### **3. Proposed Spending Plan**

The proposed spending plan is reflected in a non-binding resolution (Attachment 3). (Section 12 of the proposed tax ordinance also includes a short description of the intended spending, as described on page 7 of this paper.) The resolution includes the following planned uses:

- **Funding the Administration of the TNC Tax and Regulations –**
  - Year 1: Up to \$2.0 million
  - Years 2 – 4: Up to \$1.5 million
  - Year 5 and Beyond: The resolution states that “this amount may increase each year to reflect the rate of inflation, consistent with the Consumer Price Index, and subject to appropriations.”
- **Driver Resolution Center** – Up to \$3.5 million per year for a contracted organization to run the Driver Resolution Center and City costs related to administering driver protections.
- **Affordable Housing** – During the first “six full years,” after funding the administration and driver resolution center, up to half of the remaining revenues would fund the finance, acquisition, construction, rehabilitation, operations, and maintenance of property” to provide housing that is affordable to households making up to 80 percent of the Area Median Income. The proposed spending resolution specifies that the housing be located “within” the frequent transit network as defined by the Transit Master Plan (See Attachment 4). Beginning in the seventh “full year,” up to \$5.0 million per year would be used to provide operating support for Office of Housing to fund housing affordable to households with incomes at or below 30 percent of the median family income. (This funding would be indexed to reflect the rate of inflation.)
- **Transportation** – The remainder of the tax revenue (after the first three items above are funded) will support projects related to transportation and transit, including the Center City Streetcar. Beginning in the seventh year, the allocation of funds for affordable housing and FAS Administration will be increased at the rate of inflation, most of the projected growth in revenues will be allocated to transportation projects.

#### Oversight

As proposed, the resolution would call upon the Housing Levy Oversight Committee to provide oversight of affordable housing spending and the Levy to Move Seattle Oversight Committee to oversee spending related to transportation.

#### Proposed Spending

Based on the estimated TNC tax revenues and proposed spending resolution, the Mayor’s office estimates spending for 2020 through 2030 (see Chart 3). To highlight year 2020:

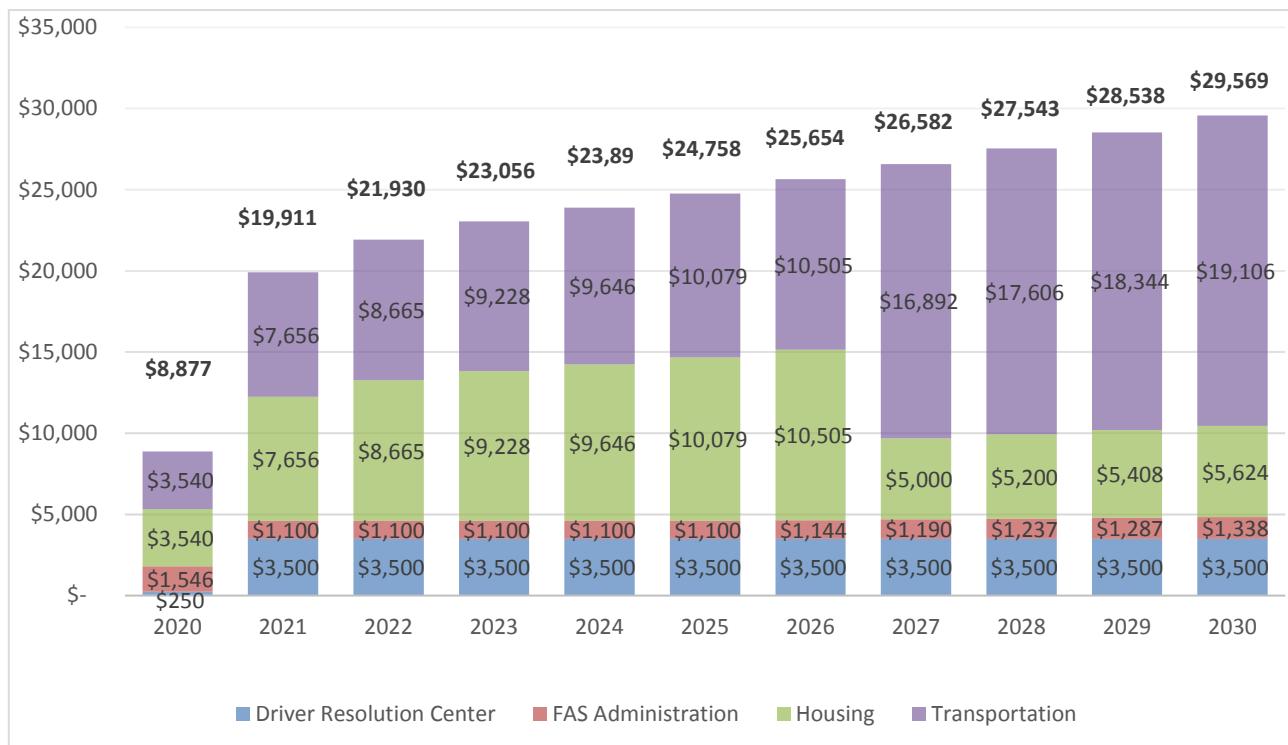
- total projected revenue from the TNC tax is \$8.9 million;
- proposed spending is \$1.5 million for FAS to set up the tax;
- \$250,000 for the costs to establish a new Driver Resource Center (as described more fully in

a separate Central Staff memo);

- \$3.5 million for affordable housing near transit; and
- \$3.5 million for transportation and transit

By 2030, proposed spending of the \$29.6 million in revenue would include \$3.5 million for the Driver Resolution Center, \$1.3 million for FAS Administration of the tax, \$5.0 million for operations of affordable housing, and \$19.7 million for transportation.

*Chart 3: Estimated Spending (\$ in 1,000)\**



\*Assumes 4 percent inflationary growth for FAS Administration and Housing beginning in 2027.

### Proposed Budget

The Mayor's 2020 Proposed Budget was sent to the printer before the TNC tax, fee, and spending plan proposed legislation was finalized. As a result, CBO included [supplementary materials](#) that adjusts revenue by \$9.7 million and appropriate \$1.5 million to FAS and \$8.1 million to Finance General. CBO has since updated the revenue projections for 2020. Based on new projections, the revenue should be updated to include \$8.9 million in TNC tax revenue, with \$1.5 million appropriated to FAS to set up the accounting and tax infrastructure necessary to implement the tax. The remainder, now estimated to be \$7.3 million, would be appropriated to Finance General to be held temporarily and then moved to SDOT, OH, OLS and FAS as described in the spending resolution.

## **Issue Identification**

### **1. Supplemental Rate and Taxing Authority**

As previously discussed, the proposed legislation includes a tax of \$0.57 per ride, including a \$0.51 base tax and a “supplemental tax” of \$0.06. The legislation states that the supplemental tax rate is set by the Director of FAS, but also includes exact calculations or tax rates that shall be set by the Director (both resulting in a supplemental tax rate of \$0.06).<sup>3</sup> This language is the result of a previous drafting framework intended to provide the Director flexibility so that the tax could be easily changed if the FAS fee or WAS fee was reduced via a Director’s Rule. Because the FAS fee is proposed to be reduced by ordinance, the separation of the tax into two components (a base tax and a supplemental tax) is unnecessary.

#### **Options:**

- A. Amend the proposal to remove the supplemental tax and set the base tax set at \$0.57.  
Remove the proposed authority given to the FAS director to change the tax as needed to keep the total tax and fees at \$0.75.
- B. Approve the Mayor’s proposal as transmitted.

### **2. Total Amount of Tax and Tax Rate**

The proposed legislation intends that the FAS licensing fee, WAS fee and TNC tax combine to equal \$0.75 cents per ride. The combined licensing fee and WAS fee proposal amounts to \$0.18 per ride. This proposal is based on FAS cost estimates and the costs of WAS program needs. The proposed tax amount is \$0.57 per ride. Council could choose to set a tax rate lower or higher than \$0.57.

The ride estimates and projected revenues identified in this paper are based on a \$0.75 combined tax and fee per ride. The fee is proposed to be set at a level that will cover associated costs. However, the Council could, depending on its objectives, set the amount of the tax at a level higher or lower than the proposed rate. If the tax rate is lowered or raised, estimated rides and revenue projections would be recalculated. However, as a rule of thumb, Central Staff estimates that a \$0.25 per ride increase in the tax rate would realize \$4.6 million in 2020. Similarly, a \$0.25 per ride decrease would reduce anticipated revenues by approximately \$3.9 million in 2020.

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<sup>3</sup> The proposed legislation states: “For the period from July 1, 2020 through December 31, 2020, the director shall set the supplemental rate under this subsection 5.39.030.B.2 at an amount equal to \$0.14 minus the total fees per ride imposed under subsection 6.310.150.B. If the total fees per ride imposed under subsection 6.310.150B exceed \$0.14, then the supplemental rate shall be zero. For the period after December 31, 2020, the Director shall set the supplemental rate under this subsection 5.39.030.B.2 at \$0.06.”

*Table 2. Comparison of Projected Rides and Revenues by Tax Rate (1,000s) \**

	<b>\$0.32 Tax</b>		<b>\$0.57 Tax (As Proposed)</b>		<b>\$0.82 Tax</b>	
<b>Year</b>	<b>Rides</b>	<b>Revenues</b>	<b>Rides</b>	<b>Revenues</b>	<b>Rides</b>	<b>Revenues</b>
2020	32,154	\$5,002	32,094	\$8,877	32,035	\$13,497
2021	35,061	\$11,220	34,932	\$19,911	34,802	\$30,278
2022	38,614	\$12,356	38,474	\$21,930	38,334	\$33,351
2023	40,592	\$12,989	40,448	\$23,056	40,305	\$35,065
2024	42,061	\$13,459	41,915	\$23,892	41,770	\$36,340
2025	43,581	\$13,946	43,434	\$24,758	43,287	\$37,660
2026	45,156	\$14,450	45,007	\$25,654	44,858	\$39,026
2027	46,786	\$14,972	46,635	\$26,582	46,485	\$40,442
2028	48,474	\$15,512	48,322	\$27,543	48,169	\$41,907
2029	50,222	\$16,071	50,067	\$28,538	49,913	\$43,424
2030	52,032	\$16,650	51,875	\$29,569	51,718	\$44,995

\*Scenarios assume Council institutes a minimum wage which raise per ride costs by \$3.43.

**Options:**

- A. Amend the proposal and increase the flat tax rate above \$0.57.
- B. Amend the proposal and decrease the flat tax rate below \$0.57.
- C. Approve the Mayor's proposal as transmitted.

### **3. Structure of Tax**

The fee and proposed tax are set as flat-rate per ride. This has the advantage of being relatively simple. This structure is also similar to the existing fee structure and uses data the City already collects from TNCs.

Council may choose to create a more complex structure that would use a variable tax rate or surcharges to achieve other/additional policy objectives. For example, a higher tax rate during peak times or by geography may reduce the impact of TNCs on traffic congestion during specific times or in certain areas. A variable rate or surcharge for a single rider compared to a “pool” or shared trip could encourage higher occupancy vehicles. A flat rate per mile could discourage longer trips.

**Options:**

- A. Amend the proposal to a variable tax rate with a higher tax during peak congestion times.
- B. Amend the proposal to a variable tax rate with a higher tax in certain high-congestion geographies, such as downtown or South Lake Union.
- C. Amend the proposal to a variable tax rate based on ride occupancy or ride sharing.
- D. Amend the proposal to a flat rate per mile rather than per trip.
- E. Approve the Mayor's proposal as transmitted.

#### **4. Applicability**

The proposed tax would apply only to those TNCs that provide one million rides in the preceding quarter. In today's marketplace, this would apply to Uber and Lyft only. The tax would not apply to other smaller TNCs that have a niche market or have only recently entered the Seattle market. This one million ride threshold could allow smaller firms to gain and/or maintain a foothold in the Seattle market. However, if there was a significant disruption to the industry and the larger firms are no longer operating in Seattle, it is possible that the industry could shift to more companies providing fewer rides, resulting in a larger share of TNC rides that would not generate tax revenue.

**Options:**

- A. Amend the proposal and increase the number of rides threshold.
- B. Amend the proposal and decrease the number of rides threshold.
- C. Approve the Mayor's proposal as transmitted.

#### **5. Move Seattle Levy General Fund Floor**

The Move Seattle Levy requires that the SDOT Budget be funded with a minimum GF appropriation (approximately \$45 million, currently). As proposed, the TNC tax revenues could be considered GF dollars and apply to the GF contribution required by the levy.

**Options:**

- A. Specify that TNC revenues applied to SDOT projects do not count towards the GF contribution to SDOT.
- B. Create a separate fund for TNC revenues.
- C. Approve the Mayor's proposal as transmitted.

#### **6. Spending Plan Resolution**

The spending plan is included in a non-binding resolution. Councilmembers may prefer to include more detail about the spending plan and spending priorities in the proposed tax ordinance.

**Options:**

- A. Amend the Tax ordinance to include a detail spending plan.
- B. Approve the Mayor's proposal as transmitted.

#### **7. Spending Priorities**

The Council may want to change the proposed spending plan, either by changing the balance between the funding categories, amending the specific policy choices related to the proposal, or specifying new projects or items to be funded.

**Options:**

- A. Amend the spending resolution to reprioritize major spending categories.
- B. Amend the spending resolution to fund housing affordable to households earning below 60

percent of Area Median Income or other income target.

- C. Amend the spending resolution to specify other affordable housing priorities.
- D. Amend the spending resolution to amend or add transportation projects specified for funding.
- E. Include other spending priorities not included in the resolution.
- F. Approve the Mayor's proposal as transmitted.

#### **Actions Proposed by Councilmembers as of October 10, 2019**

- 1. **Center City Streetcar Funding (Councilmember Herbold)** – Redirect a portion of TNC tax spending proposed for Center City Streetcar toward other transit uses, such as the Sound Transit West Seattle and Ballard Link Extensions.

#### **Attachments:**

- 1. TMP 5934 – FAS TNC Per Ride Ordinance
- 2. TMP 5924 – TNC Tax Ordinance
- 3. TMP 5927 – TNC Tax Spending Plan Resolution
- 4. Frequent Transit Network Map

**Attachment 1. TMP 5934 – FAS TNC Per Ride Ordinance**

Ann Gorman  
FAS TNC Per-Ride Fee ORD  
D1a

**CITY OF SEATTLE**

**ORDINANCE \_\_\_\_\_**

**COUNCIL BILL \_\_\_\_\_**

..title  
AN ORDINANCE relating to transportation network company fees; changing the per-ride fee amount for trips originating in Seattle; deleting obsolete provisions; and amending Section 6.310.150 of the Seattle Municipal Code.

..body  
WHEREAS, the Director of the Department of Finance and Administrative Services (FAS) has reviewed the revenue from transportation network company (TNC) per-ride regulatory fees and the costs for FAS to operate, regulate, and enforce the TNC regulatory scheme; and

WHEREAS, the Director of FAS has determined that the per-ride cost should be adjusted downward to offset FAS's current and anticipated TNC operational, regulatory, and enforcement costs; and

WHEREAS, several provisions of Seattle Municipal Code Section 6.310.150 apply only to 2014-2015 and are now obsolete; NOW, THEREFORE,

**BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

Section 1. Section 6.310.150 of the Seattle Municipal Code, last amended by Ordinance 124524, is amended as follows:

**6.310.150 Fees**

The following nonrefundable fees shall apply:

A. ~~((Upon the effective date of this ordinance, taxicab))~~ Taxicab association, taxicab, and for-hire vehicle license and for-hire driver fees (excluding ~~((Transportation Network Company))~~ transportation network company (TNC) for-hire drivers) ~~((for the 2014-2015 vehicle licensing year))~~ shall be:

**Attachment 1. TMP 5934 – FAS TNC Per Ride Ordinance**

Ann Gorman  
FAS TNC Per-Ride Fee ORD  
D1a

1. Taxicab Association	
a. Annual fee	\$1,000
b. Late renewal fee	\$100
2. Taxicab or for-hire vehicle fees	
a. Annual license fee	\$500
b. Wheelchair accessible taxicab annual license fee	Waived
c. Late fee (license renewal)	\$60
d. Change of vehicle licensee:	
i. July—December	\$500
ii. January—June (half year)	\$250
iii. May 16—June 30*	
e. Replace taxicab plate	\$25
f. Special inspection fee**	\$100/hour (1/2 hour minimum)
g. Inspection rescheduling fee (non-City licensed vehicles only)	\$25
h. Taxicab change of association affiliation	\$100
i. Change of licensee corporation, limited liability company, or partnership members	\$100
j. Taximeter test (when not part of annual inspection)	\$50
((k. This section 6.310.150.A.2 shall take effect and be in force retroactively as of May 1, 2014 in order to apply to all taxicab and for hire vehicle fees for the 2014-15 vehicle licensing year July 1, 2014 through June 30, 2015.))	
*No change of taxicab licensee or for-hire vehicle licensee fee is due if the transfer occurs between May 16—June 30. During this period, the change of taxicab or for-hire vehicle licensee and the annual license renewal are accomplished together and only one fee will be assessed.	
**For testing of taxicab meter or taxicab inspections provided to other municipalities.	
3. For-hire driver license fees:	
a. Annual fee	\$50
Late fee	\$15
((Add/change affiliation***	\$20))
b. Replacement license	\$5
c. Other training and licensing fees (fingerprinting, ID photo, background check): Charge as determined by Director to cover costs.	
(**For-hire drivers may only be affiliated with a maximum of three taxicab associations at any given time. This fee is only charged when the driver is affiliated with three associations and now wants to delete one association and add another.)	

## **Attachment 1. TMP 5934 – FAS TNC Per Ride Ordinance**

Ann Gorman  
FAS TNC Per-Ride Fee ORD  
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1       B. Transportation ((~~Network Company (TNC) License, Vehicle Endorsement~~)  
2 network company license, vehicle endorsement, and for-hire ((For Hire Driver's License Fees))  
3 driver's license fees shall be:

4             ((~~Upon the effective date of this ordinance,~~)) TNCs shall pay ((~~\$0.10~~)) \$0.08 per ride for  
5 all trips originating in Seattle to cover the estimated enforcement and regulatory costs of TNC  
6 licensing, vehicle endorsements and driver licensing. ((~~After six months or any time thereafter,~~  
7 ~~the~~)) The Director may adjust this per-ride fee based on the number of new TNC licenses, for-  
8 hire driver's licenses and vehicle endorsements issued, and ((total)) quarterly number of TNC  
9 trips originating in Seattle, ((provided in the previous quarter, as reported pursuant to Section  
10 6.310.540.)) The purpose of any adjustment is to ensure that the per-ride fee covers the estimated  
11 enforcement and regulatory costs of TNC licensing, vehicle endorsements, and driver licensing.  
12 ((~~Total TNC industry fees shall not exceed \$525,000 in year one. Unless the Director finds that a~~  
13 ~~TNC has not paid its proportional fees covering the cost of enforcement and regulatory costs for~~  
14 ~~the prior year, at~~)) At the time of renewing the TNC license, the fees for the current TNC license,  
15 vehicle endorsements, and for-hire driver licenses shall be renewed upon approval of completed  
16 renewal applications and upon the condition that the TNC is current on the per-ride fee and  
17 continues to submit quarterly per-ride fees.

18       C. The Director may adjust any of the fees in ((~~subsection A after the ordinance's~~  
19 ~~effective date, and any of the fees in subsection B six months after the ordinance's effective~~  
20 ~~date,~~)) this Section 6.310.150 following consideration of the following nonexclusive factors: the  
21 projected costs and annual budget allotted for enforcement and regulatory costs across the for-  
22 hire transportation industry, the need for increased street inspection in order to reduce illegal  
23 activity, the total number of trips originating in Seattle across the for-hire transportation industry,

**Attachment 1. TMP 5934 – FAS TNC Per Ride Ordinance**

Ann Gorman  
FAS TNC Per-Ride Fee ORD  
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- 1 and the administrative burden of issuing additional taxicab licenses, TNC licenses, for-hire
- 2 driver's licenses, and TNC vehicle endorsements. The purpose of any adjustment is to ensure
- 3 that the fees cover the Director's enforcement and regulatory costs.

## **Attachment 1. TMP 5934 – FAS TNC Per Ride Ordinance**

Ann Gorman  
FAS TNC Per-Ride Fee ORD  
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Section 2. Section 1 of this ordinance shall take effect on July 1, 2020.

Section 3. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the \_\_\_\_\_ day of \_\_\_\_\_, 2019,  
and signed by me in open session in authentication of its passage this \_\_\_\_\_ day of  
\_\_\_\_\_, 2019.

## President of the City Council

Approved by me this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

Jenny A. Durkan, Mayor

Filed by me this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

Monica Martinez Simmons, City Clerk

16 | (Seal)

Kate Garman  
MO TNC Tax ORD  
D2e

**CITY OF SEATTLE**

**ORDINANCE \_\_\_\_\_**

**COUNCIL BILL \_\_\_\_\_**

..title

AN ORDINANCE relating to taxation; imposing a tax on transportation network companies; adding a new Chapter 5.39 to the Seattle Municipal Code; and amending Sections 5.30.010, 5.30.060, 5.55.010, 5.55.040, 5.55.060, 5.55.150, 5.55.165, 5.55.220, and 5.55.230 of the Seattle Municipal Code.

..body

WHEREAS, transportation network companies (TNCs) provide application dispatch services that allow passengers to directly request the dispatch of drivers via the internet using mobile interfaces such as smartphone applications; and

WHEREAS, over 24 million TNC trips were taken in Seattle in 2018; and

WHEREAS, the Mayor and City Council seek to invest in affordable housing near transit, transportation and transit investments including the Center City Connector Streetcar, and a driver conflict resolution center using proceeds from a tax on TNC companies providing 1,000,000 rides per quarter or more on a per-ride basis; and

WHEREAS, the Director of Finance and Administrative Services (FAS) assesses a per-ride regulatory fee for the costs to FAS of operating and enforcing the TNC regulatory scheme; and

WHEREAS, as of the date of submitting this ordinance to establish a tax on TNC rides, the fee to regulate TNCs was \$0.14; and

WHEREAS, The City of Seattle intends to exercise its taxing authority, as granted by the Washington State Constitution and as authorized by the Washington State Legislature, and impose a tax on TNCs operating in Seattle; NOW, THEREFORE,

Kate Garman  
MO TNC Tax ORD  
D2e

**1 BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

**2 Section 1.** A new Chapter 5.39 is added to the Seattle Municipal Code as follows:

**3 Chapter 5.39 TRANSPORTATION NETWORK COMPANY TAX**

**4 5.39.010 Administrative provisions**

**5 All provisions contained in Chapter 5.55 shall have full force and application with respect to**  
**6 taxes imposed under this Chapter 5.39 except as may be expressly stated to the contrary herein.**

**7 5.39.020 Definitions**

**8 The definitions contained in Chapter 5.30 shall be fully applicable to this Chapter 5.39 except as**  
**9 may be expressly stated to the contrary herein. The following additional definitions shall apply**  
**10 throughout this Chapter 5.39:**

**11 “Application dispatch” means technology that allows consumers to directly request**  
**12 dispatch of drivers for trips and/or allows drivers or TNCs to accept payments for trips via the**  
**13 internet using mobile interfaces such as, but not limited to, smartphone and tablet applications.**

**14 “For-hire vehicle” has the same meaning as given in Section 6.310.110.**

**15 “Motor vehicle” has the same meaning as given in Section 6.310.110.**

**16 “Operating in Seattle” means, with respect to a TNC, providing application dispatch**  
**17 services to any affiliated driver at any time for the transport of any passenger for compensation**  
**18 from a point within the geographical confines of Seattle.**

**19 “Personal vehicle” means a motor vehicle that is not a taxicab or for-hire vehicle, that is**  
**20 subject to regulation under Chapter 6.310, and that is used by a driver to provide trips arranged**  
**21 through a TNC application dispatch system.**

**22 “Taxicab” has the same meaning given in Section 6.310.110.**

**23 “TNC” means a transportation network company.**

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1        “TNC dispatched trip” or “trip” means the provision of transportation by a transportation  
2 network company driver to a passenger in a TNC vehicle through the use of a TNC’s application  
3 dispatch system. The term “TNC dispatched trip” does not include transportation provided by  
4 taxicabs or for-hire vehicles:

5        “TNC driver” or “driver” means a driver, licensed or required to be licensed under  
6 Chapter 6.310, affiliated with, and accepting dispatched trips from, a TNC.

7        “TNC vehicle” means a personal motor vehicle used for the transportation of passengers  
8 for compensation that is affiliated with a TNC.

9        “Transportation network company” means a person, licensed or required to be licensed  
10 under Chapter 6.310, operating in Seattle that offers prearranged transportation services for  
11 compensation using an online-enabled application or platform to connect passengers with drivers  
12 using their personal vehicles.

13        “Trip that originates in Seattle” means a TNC dispatched trip where a passenger enters a  
14 TNC vehicle within Seattle city limits.

15 **5.39.030 Tax imposed—Rates**

16        A.        There is imposed a tax on every TNC operating in Seattle. The amount of the tax  
17 due shall be the tax rate under subsection 5.39.030.B per trip that originates in Seattle.

18        B.        The tax rate shall be:

19              1.        Fifty-one cents per trip; and

20              2.        In addition to the tax rate per trip imposed under subsection 5.39.030.B.1,  
21 the taxpayer shall pay a supplemental rate per trip in an amount to be set by the Director. For the  
22 period from July 1, 2020, through December 31, 2020, the Director shall set the supplemental  
23 rate under this subsection 5.39.030.B.2 at an amount equal to \$0.14 minus the total fees per ride

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1 imposed under subsection 6.310.150.B. If the total fees per ride imposed under subsection  
2 6.310.150.B exceed \$0.14, then the supplemental rate shall be zero. For the period after  
3 December 31, 2020, the Director shall set the supplemental rate under this subsection  
4 5.39.030.B.2 at \$0.06.

5 **5.39.040 Deductions**

6 A taxpayer may deduct from the measure of the tax any trip that originates in Seattle and  
7 terminates outside the state of Washington.

8 **5.39.050 Tax threshold**

9 No tax shall be due under Section 5.39.030 from a TNC that reports fewer than 1,000,000 trips  
10 that originate in Seattle in the prior calendar quarter. Any TNC below this threshold shall  
11 complete and file a return and declare no tax due on the return. The TNC shall enter on the tax  
12 return the number of trips originating in Seattle even though no tax may be due.

13 **5.39.060 Transportation network company tax—When due**

14 The tax imposed by this Chapter 5.39 shall be due and payable in accordance with Section  
15 5.55.040. The transportation network company tax shall be due and payable in quarterly  
16 installments. The Director may use discretion to assign businesses to a monthly or annual  
17 reporting period. Forms for such filings shall be prescribed by the Director. Persons  
18 discontinuing their business activities in Seattle shall report and pay the transportation network  
19 company tax at the same time as they file their final business license tax return.

20 **5.39.070 Excise tax in addition to other license fees and taxes—Part of operating overhead**

21       A.     The tax imposed by Chapter 5.39 is a general excise tax on the privilege of  
22 conducting certain business within Seattle and shall be in addition to any license fee or tax

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1 imposed or levied under any other law, statute, or ordinance whether imposed or levied by the  
2 City, state, or other governmental entity or political subdivision.

3       B. It is not the intention of this Chapter 5.39 that the tax imposed herein be construed  
4 as a tax upon the purchasers or customer, but that tax shall be levied upon, and collectible from,  
5 the person engaging in the business activities herein designated and that such tax shall constitute  
6 a part of the operating overhead or cost of doing business of such persons.

7 **5.39.080 Transportation network company tax—Constitutional limitation**

8 Notwithstanding anything to the contrary in this Chapter 5.39, if imposition of the tax under this  
9 Chapter 5.39 would place an undue burden upon interstate commerce or violate constitutional  
10 requirements, a taxpayer shall be allowed a credit to the extent necessary to preserve the validity  
11 of the tax, and still apply the tax to as much of the taxpayer's activities as may be subject to the  
12 City's taxing authority.

13       Section 2. Section 5.30.010 of the Seattle Municipal Code, last amended by Ordinance  
14 125324, is amended as follows:

15 **5.30.010 Definition provisions**

16 The definitions contained in this Chapter 5.30 shall apply to the following chapters of the Seattle  
17 Municipal Code: Chapters 5.32 (Amusement Devices), 5.35 (Commercial Parking Tax), 5.39  
18 (Transportation Network Company Tax), 5.40 (Admission Tax), 5.45 (Business License Tax),  
19 5.46 (Square Footage Tax), 5.48 (Business Tax—Utilities), 5.50 (Firearms and Ammunition  
20 Tax), 5.52 (Gambling Tax), 5.53 (Sweetened Beverage Tax), and 5.55 (General Administrative  
21 Provisions) unless expressly provided for otherwise therein, and shall also apply to other  
22 chapters and sections of the Seattle Municipal Code in the manner and to the extent expressly

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1 indicated in each chapter or section. Words in the singular number shall include the plural and  
2 the plural shall include the singular. Words in one gender shall include ((the)) all other genders.

3       Section 3. Subsection 5.30.060.C of the Seattle Municipal Code, which section was last  
4 amended by Ordinance 125324, is amended as follows:

5 **5.30.060 Definitions, T—Z**

6 \* \* \*

7       C.     “Taxpayer” means any “person,” as herein defined, required by Chapter 5.55 to  
8 have a business license tax certificate, or liable for any license, tax, or fee, or for the collection of  
9 any tax or fee, under Chapters 5.32 (Revenue Code), 5.35 (Commercial Parking Tax), 5.39  
10 (Transportation Network Company Tax), 5.40 (Admission Tax), 5.45 (Business License Tax),  
11 5.46 (Square Footage Tax), 5.48 (Business Tax—Utilities), 5.50 (Firearms and Ammunition  
12 Tax), 5.52 (Gambling Tax), and 5.53 (Sweetened Beverage Tax), or who engages in any  
13 business or who performs any act for which a tax or fee is imposed under those chapters.

14 \* \* \*

15       Section 4. Section 5.55.010 of the Seattle Municipal Code, last amended by Ordinance  
16 125324, is amended as follows:

17 **5.55.010 Application of chapter stated**

18 Unless expressly stated to the contrary in each chapter, the provisions of this Chapter 5.55 shall  
19 apply with respect to the licenses and taxes imposed under this Chapter 5.55 and Chapters 5.32  
20 (Amusement Devices), 5.35 (Commercial Parking Tax), ((5.37 (Employee Hours Taxes),)) 5.39  
21 (Transportation Network Company Tax), 5.40 (Admission Tax), 5.45 (Business License Tax),  
22 5.46 (Square Footage Tax), 5.48 (Business Tax—Utilities), 5.50 (Firearms and Ammunition

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1 Tax), 5.52 (Gambling Tax), 5.53 (Sweetened Beverage Tax), and under other titles, chapters, and  
2 sections in such manner and to such extent as indicated in each such title, chapter, or section.

3           Section 5. Subsection 5.55.040.A of the Seattle Municipal Code, which section was last  
4 amended by Ordinance 125324, is amended as follows:

**5.55.040 When due and payable—Reporting periods—Monthly, quarterly, and annual**

7       A.     Other than any annual license fee or registration fee assessed under this Chapter  
8     5.55, the taxes imposed by Chapters 5.32 (Amusement Devices), 5.35 (Commercial Parking  
9     Tax), 5.39 (Transportation Network Company Tax), 5.40 (Admission Tax), 5.45 (Business  
10   License Tax), 5.46 (Square Footage Tax), 5.48 (Business Tax—Utilities), 5.50 (Firearms and  
11   Ammunition Tax), 5.52 (Gambling Tax), and 5.53 (Sweetened Beverage Tax) shall be due and  
12   payable in quarterly installments. The Director may use discretion to assign businesses to a  
13   monthly or annual reporting period depending on the tax amount owing or type of tax. Taxes  
14   imposed by subsections 5.52.030.A.2 and 5.52.030.B.2 for ((punchboards)) punch boards and  
15   pull-tabs shall be due and payable in monthly installments. Tax returns and payments are due on  
16   or before the last day of the next month following the end of the assigned reporting period  
17   covered by the return.

\* \* \*

19           Section 6. Subsection 5.55.060.A of the Seattle Municipal Code, which section was last  
20 amended by Ordinance 125324, is amended as follows:

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1      **5.55.060 Records to be preserved—Examination—Inspection—Search warrants—Estoppel**  
2      **to question assessment**

3            A.     Every person liable for any fee or tax imposed by this Chapter 5.55 and Chapters  
4     5.32, 5.35, 5.39, 5.40, 5.45, 5.46, 5.48, 5.50, 5.52, and 5.53 shall keep and preserve, for a period  
5     of five years after filing a tax return, such records as may be necessary to determine the amount  
6     of any fee or tax for which the person may be liable; which records shall include copies of all  
7     federal income tax and state tax returns and reports made by the person. All books, records,  
8     papers, invoices, ticket stubs, vendor lists, gambling games, and payout information, inventories,  
9     stocks of merchandise, and other data, including federal income tax and state tax returns, and  
10    reports needed to determine the accuracy of any taxes due, shall be open for inspection or  
11    examination at any time by the Director or a duly authorized agent. Every person's business  
12    premises shall be open for inspection or examination by the Director or a duly authorized agent.  
13    For the purposes of this Section 5.55.060, for the tax imposed by Chapter 5.53, "business  
14    premises" means wherever the person's business records and tax documents are maintained and  
15    does not mean every site owned or operated by the person.

16                        \* \* \*

17            Section 7. Subsection 5.55.150.E of the Seattle Municipal Code, which section was last  
18    amended by Ordinance 125324, is amended as follows:

19      **5.55.150 Appeal to the Hearing Examiner**

20                        \* \* \*

21            E.     The Hearing Examiner shall ascertain the correct amount of the tax, fee, interest,  
22    or penalty due either by affirming, reversing, or modifying an action of the Director. Reversal or  
23    modification is proper if the Director's assessment or refund denial violates the terms of this

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1 Chapter 5.55, or Chapters 5.30, 5.32, 5.35, ((5.37,)) 5.39, 5.40, 5.45, 5.46, 5.48, 5.50, 5.52, or  
2 5.53.

3       Section 8. Section 5.55.165 of the Seattle Municipal Code, last amended by Ordinance  
4 125324, is amended as follows:

5 **5.55.165 Director of Finance and Administrative Services to make rules**

6       The Director of Finance and Administrative Services shall have the power and it shall be the  
7 Director's duty, from time to time, to adopt, publish, and enforce rules and regulations not  
8 inconsistent with this Chapter 5.55, with Chapters 5.30, 5.32, 5.35, 5.39, 5.40, 5.45, 5.46, 5.48,  
9 5.50, 5.52, or 5.53, or with law for the purpose of carrying out the provisions of such chapters,  
10 and it shall be unlawful to violate or fail to comply with any such rule or regulation.

11       Section 9. Subsections 5.55.220.A and 5.55.220.B of the Seattle Municipal Code, which  
12 section was last amended by Ordinance 125324, are amended as follows:

13 **5.55.220 Unlawful actions—Violation—Penalties**

14       A.       It shall be unlawful for any person subject to the provisions of this Chapter 5.55  
15 or Chapters 5.32, 5.35, 5.39, 5.40, 5.45, 5.46, 5.48, 5.50, 5.52, and 5.53:

16           1.       To violate or fail to comply with any of the provisions of this Chapter  
17 5.55, or Chapters 5.32, 5.35, 5.39, 5.40, 5.45, 5.46, 5.48, 5.50, 5.52, and 5.53, or any lawful rule  
18 or regulation adopted by the Director;

19           2.       To make or manufacture any license required by this Chapter 5.55 except  
20 upon authority of the Director;

21           3.       To make any false statement on any license, application, or tax return;

22           4.       To aid or abet any person in any attempt to evade payment of a license fee  
23 or tax;

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5. To refuse admission to the Director to inspect the premises and/or records  
this Chapter 5.55, or to otherwise interfere with the Director in the performance of  
d by Chapters 5.32, 5.35, 5.39, 5.40, 5.45, 5.46, 5.48, 5.50, 5.52, and 5.53;
6. To fail to appear or testify in response to a subpoena issued pursuant to  
20 in any proceeding to determine compliance with this Chapter 5.55 and Chapters  
39, 5.40, 5.45, 5.46, 5.48, 5.50, 5.52, and 5.53;
7. To testify falsely in any investigation, audit, or proceeding conducted  
is Chapter 5.55;
8. To continue to engage in any business activity, profession, trade, or  
er the revocation of or during a period of suspension of a business license tax  
ued under Section 5.55.030; or
9. In any manner, to hinder or delay the City or any of its officers in carrying  
ions of this Chapter 5.55 or Chapters 5.32, 5.35, 5.39, 5.40, 5.45, 5.46, 5.48, 5.50,  
3.

B. Each violation of or failure to comply with the provisions of this Chapter 5.55, or  
ers 5.32, 5.35, ((5.37,)) 5.39, 5.40, 5.45, 5.46, 5.48, 5.50, 5.52, or 5.53 shall constitute a  
te offense. Except as provided in subsection 5.55.220.C, any person who commits an act  
d in subsection 5.55.220.A is guilty of a gross misdemeanor, punishable in accordance  
ection 12A.02.070. The provisions of Chapters 12A.02 and 12A.04 apply to the offenses  
d in subsection 5.55.220.A, except that liability is absolute and none of the mental states  
ed in Section 12A.04.030 need be proved.

\* \* \*

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1       Section 10. Subsection 5.55.230.A of the Seattle Municipal Code, which section was last  
2 amended by Ordinance 125324, is amended as follows:

3 **5.55.230 Denial, revocation of, or refusal to renew business license tax certificate**

4       A.      The Director, or the Director's designee, has the power and authority to deny,  
5 revoke, or refuse to renew any business license tax certificate or amusement device license  
6 issued under the provisions of this Chapter 5.55. The Director, or the Director's designee, shall  
7 notify such applicant or licensee in writing by mail in accordance with Section 5.55.180 of the  
8 denial of, revocation of, or refusal to renew the license and on what grounds such a decision was  
9 based. The Director may deny, revoke, or refuse to renew any business license tax certificate or  
10 other license issued under this Chapter 5.55 on one or more of the following grounds:

- 11           1.      The license was procured by fraud or false representation of fact.
- 12           2.      The licensee has failed to comply with any provisions of this Chapter 5.55.
- 13           3.      The licensee has failed to comply with any provisions of Chapters 5.32,  
14 5.35, 5.39, 5.40, 5.45, 5.46, 5.48, 5.50, 5.52, or 5.53.
- 15           4.      The licensee is in default in any payment of any license fee or tax under  
16 Title 5 or Title 6.

17       Section 11. Severability. If any part, provision, or section of this ordinance is held to be  
18 void or unconstitutional, all other parts, provisions, and sections of this ordinance not expressly  
19 so held to be void or unconstitutional shall continue in full force and effect.

20       Section 12. It is the intent of the Mayor and the Council through the annual budget  
21 process to use the proceeds of the tax imposed by Seattle Municipal Code Section 5.39.030 for  
22 the following purposes:

- 23           A.      Administrative costs related to the tax and regulations of TNC drivers;

**Attachment 2. TMP 5924 – TNC Tax Ordinance**

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- 1       B.     Investment in affordable housing near transit;
- 2       C.     Transportation and transit investments, including the Center City Connector
- 3     Streetcar, and
- 4       D.     A driver conflict resolution center.

5     Section 13. Sections 1 through 12 of this ordinance shall take effect on July 1, 2020.

## **Attachment 2. TMP 5924 – TNC Tax Ordinance**

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1           Section 14. This ordinance shall take effect and be in force 30 days after its approval by  
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it  
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4           Passed by the City Council the \_\_\_\_\_ day of \_\_\_\_\_, 2019,  
5 and signed by me in open session in authentication of its passage this \_\_\_\_\_ day of  
6 \_\_\_\_\_, 2019.

---

7

8 President \_\_\_\_\_ of the City Council

Approved by me this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

10 \_\_\_\_\_

11 | Jenny A. Durkan, Mayor

12 | Filed by me this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

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13

15 | (Seal)

**Attachment 3. TMP 5927 – TNC Tax Spending Plan Resolution**

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MO TNC Tax Spending Plan RES  
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**CITY OF SEATTLE**

**RESOLUTION \_\_\_\_\_**

..title

A RESOLUTION adopting a spending plan for the proceeds of the Seattle Transportation Network Company tax to provide support to affordable housing near frequent transit, transportation, and a driver conflict resolution center.

..body

WHEREAS, Seattle is one of the fastest-growing major cities in the country, gaining 100,000 new residents and more than 50,000 jobs in the last 20 years, and this growth is a boon to our economy and a test for our transportation system; and

WHEREAS, Seattle families' transportation-related spending is second only to their spending on housing, and a well-functioning transportation system that provides many alternatives to the expense of car ownership makes living and working in Seattle more affordable; and

WHEREAS, public transit provides affordable and critical transportation services to all consumers; and

WHEREAS, the Seattle streetcar network has seen an increase in ridership of 18 percent in 2018, totaling a combined system-wide ridership of 1,673,000 riders; and

WHEREAS, the Center City Connector Streetcar line will provide a critical link in the Seattle streetcar network, connecting residents and visitors to regional bus lines, ferries at Coleman Docks, and light rail connections; and

WHEREAS, existing sources of funding for affordable housing are insufficient to meet the needs of all individuals and families experiencing a housing cost burden; and

WHEREAS, investments in affordable housing provide access to opportunity for low-wage workers and their families, increase mobility from poverty, and foster inclusive communities accessible to all; and

**Attachment 3. TMP 5927 – TNC Tax Spending Plan Resolution**

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1 WHEREAS, individuals and families making in the range of \$15 to \$25 per hour are especially

2 dependent on transit for commuting to centrally located destinations such as their jobs,  
3 schools, grocery stores, libraries, and clinics; and

4 WHEREAS, co-locating affordable housing investments near transit infrastructure amplifies  
5 investments' capacity to simultaneously address Seattle's mobility and affordability  
6 challenges; and

7 WHEREAS, transportation network companies (TNCs) provide application dispatch services  
8 that allow passengers to directly request the dispatch of drivers via the internet using  
9 mobile interfaces such as smartphone applications; and

10 WHEREAS, TNCs are major hiring entities, with 31,676 TNC drivers issued permits by King  
11 County in 2018 as recorded by the King County Department of Licensing; and

12 WHEREAS, in the pursuit of economic opportunity, many TNC drivers are immigrants and  
13 people of color who have taken on debt or invested their savings to purchase and/or lease  
14 vehicles and for-hire licenses; and

15 WHEREAS, TNC drivers who have access to a driver conflict resolution center for education  
16 and representation in cases such as unwarranted deactivation will be more likely to  
17 remain in their positions over time, and such experienced drivers will improve the safety  
18 and reliability of the TNC services provided to passengers and thus reduce the safety and  
19 reliability problems created by frequent turnover in the TNC industry; and

20 WHEREAS, research shows TNCs contribute to growing traffic congestion in large U.S. cities;  
21 and

22 WHEREAS, over 24 million TNC trips were taken in Seattle in 2018, showing consistent growth  
23 year over year; and

**Attachment 3. TMP 5927 – TNC Tax Spending Plan Resolution**

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1 WHEREAS, The City of Seattle intends to exercise its taxing authority, as granted by the  
2 Washington State Constitution and as authorized by the Washington State Legislature,  
3 and impose a tax on TNCs operating in Seattle; and

4 WHEREAS, Mayor Durkan has proposed further investments in affordable housing near transit,  
5 transportation, and a driver conflict resolution center using proceeds from a tax on TNC  
6 companies providing 1,000,000 rides per quarter or more on a per-ride basis; and

7 WHEREAS, the purpose of this plan is to effectuate Seattle's vision to provide housing and  
8 transit opportunities for all, and support drivers in the TNC community by bringing  
9 educational tools and representation that is afforded to other sectors;

10 NOW, THEREFORE,

11 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE**

12 **MAYOR CONCURRING, THAT:**

13       **Section 1. Spending Plan.** The City shall use the proceeds of the transportation network  
14 company (TNC) tax imposed by Chapter 5.39 of the Seattle Municipal Code to accelerate  
15 affordable housing production for low-wage workers and their families at locations that are  
16 within the frequent transit network, make investments in transportation, including transit, and  
17 provide for workplace protections. Eligible expenditures include:

18           A.     Funding of the administration of the TNC tax and regulations related to TNC  
19 drivers up to \$2,000,000 in the first year, for the second year and each year after up to  
20 \$1,500,000. Beginning in year five, this amount may increase each year to reflect the rate of  
21 inflation, consistent with the Consumer Price Index, and subject to appropriations.

22           B.     Up to \$3,500,000 per year shall fund a Driver Resolution Center to provide driver  
23 resolution services and costs related to administering driver protection.

**Attachment 3. TMP 5927 – TNC Tax Spending Plan Resolution**

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1       C. After administrative costs related to the tax and regulations of TNC drivers, as  
2 described in subsection A of this section, and after funding the Driver Resolution Center and  
3 other driver protections as described in subsection B of this section, up to 50 percent of revenue  
4 from the tax over its first six full years shall be used to finance acquisition, construction,  
5 rehabilitation, operations, and maintenance of property to provide housing that serves low-  
6 income households and provide for the housing needs of low-income households within the  
7 frequent transit network, as defined by the Seattle Department of Transportation's Transit Master  
8 Plan. The low-income housing funded hereby should serve households making up to 80 percent  
9 of the annual median family income for the statistical area or division thereof including Seattle,  
10 for which median family income is published from time to time by the U.S. Department of  
11 Housing and Urban Development, or successor agency, with adjustments according to household  
12 size in a manner determined by the Director of Housing. Beginning in the seventh full year after  
13 adoption of this tax, up to \$5,000,000 (in 2020 dollars, indexed to reflect the rate of inflation) per  
14 year shall be used to provide operating support for Office of Housing (OH)-funded housing  
15 affordable to households with incomes at or below 30 percent of the median family income.

16       D. After administrative costs related to the tax and regulations of TNC drivers as  
17 described in subsection A of this section, and after funding the Driver Resolution Center and  
18 other driver protections as described in subsection B of this section, and after the funding for  
19 affordable housing as described in subsection C of this section, the remainder of revenue  
20 collected in the first six full years that the tax is imposed shall be used to support projects related  
21 to transportation and transit, including the Center City Streetcar. Beginning in the seventh full  
22 year after adoption of this tax, after the administrative costs, funding the Driver Resolution  
23 Center, and after up to \$5,000,000 (in 2020 dollars, indexed to reflect the rate of inflation) used

**Attachment 3. TMP 5927 – TNC Tax Spending Plan Resolution**

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1 to support for OH-funded housing affordable to households with incomes at or below 30 percent  
2 of the median family income per year, the remainder of the net proceeds shall be used to support  
3 projects related to transportation improvements and transit.

4       Section 2. Every year, or at such other intervals as the City Council may specify, the  
5 Executive shall prepare a report to include total revenue collected per year and the cost of  
6 administration of the tax and regulatory oversight related to the TNC tax.

7       Section 3. Accountability and Oversight Committees. For the purpose of overseeing the  
8 funding for low-income housing with access to the frequent transit network, the Housing Levy  
9 Oversight Committee shall provide a report to the City Council as to the progress of funding  
10 received from the TNC tax. The Director of the Office of Housing, or the Director's designee,  
11 will prepare and submit to the Oversight Committee, City Council, and Mayor an annual  
12 progress report on the implementation of funds from the TNC tax.

13       For the purpose of overseeing the spending of tax proceeds related to transportation  
14 improvements, the Levy to Move Seattle Oversight Committee (or its successor) shall oversee  
15 and monitor the progress of funding received from the tax. The Director of the Department of  
16 Transportation, or assigned designee, will prepare and submit to the Oversight Committee, City  
17 Council, and Mayor an annual report on the implementation of programs receiving funding from  
18 the tax.

**Attachment 3. TMP 5927 – TNC Tax Spending Plan Resolution**

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1        Adopted by the City Council the \_\_\_\_\_ day of \_\_\_\_\_, 2019,  
2 and signed by me in open session in authentication of its adoption this \_\_\_\_\_ day of  
3 \_\_\_\_\_, 2019.

4 \_\_\_\_\_  
5                      President \_\_\_\_\_ of the City Council

6        The Mayor concurred the \_\_\_\_\_ day of \_\_\_\_\_, 2019.  
7 \_\_\_\_\_  
8                      Jenny A. Durkan

9        Filed by me this \_\_\_\_\_ day of \_\_\_\_\_, 2019.  
10 \_\_\_\_\_  
11                     Monica Martinez Simmons, City Clerk

12 (Seal)

## Attachment 4. Frequent Transit Network Map

